

in a still greater degree against public banking. Private enterprise in general trading would be *checked* by the interposition of the State's capital and influence. But a *monopoly* might and would be established whenever the State engages in banking, and the weight of the monopoly would be dependent only on the wants of the public treasury.

Your committee are therefore of opinion that no change should be made in the State's policy, in regard to Banking; that no adequate profit could be expected from the employment of the public monies in a State's Bank; but that great inconveniencies would result from such an investment.

Your committee will now express their views in relation to the expediency of making an investment on the security of a Real Estate Bank.

The capital of a Real Estate Bank, suited to the wants of the agricultural interests, must consist *exclusively* of Real Estate. It is supposed that on a pledge of the capital subscribed, money would be raised for conducting the operations of the bank; that the Real Estate subscribed would remain in the hands of the original owner, to be used and enjoyed by him, and subject only to answer for a proportion of the losses, which may be experienced from time to time; that such real estate would not be assignable at the pleasure of the bank, and could not therefore be made available to meet any sudden emergency. The condition of an institution on those principles, would be that of a bank having a capital equal to the amount of money borrowed, secured by a pledge of real estate of the value of the stock subscribed.

But another essential feature of the institution is, that the stockholders would be entitled to very considerable advances for extended terms, and at a reduced rate of interest, on the pledge of their stock. Other land holders would be accommodated with loans for extended terms at the usual rate of interest. A small portion of the cash capital which may be estimated at one fourth part thereof would be employed in the discounts or purchase of real paper, and other of the more appropriate business of banking. To the extent of its loans on real security, the bank would be in effect a loan office; and the profits on its capital thus employed would be limited to the stipulated rate of interest thereon. A circulation could not be sustained on these securities, because they would not be convertible at pleasure into money. The safety of the bank